

# Funding Shifts: Realignment & Title IV-E Waiver

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## Realignment

Pre-Realignment: Foster care and child welfare services were budgeted at state level by line item.

Now: State deposits a portion of state sales tax and VLF revenues into Local Revenue Fund, which allocated to counties based on prior years' expenditures.

## Title IV-E Waiver

Pre-Waiver: County received Title IV-E reimbursement for out-of-home care costs based on actual expenditures.

Now: LA County receives a fixed yearly amount based on 2002-2003 level of federal foster care (Title IV-E) funding.

# Fiscal Decision Shifts: Realignment & Title IV-E

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## Realignment

Pre-Realignment: County received specific funding allocations for specific programs.

**Now**: County has discretion to shift funds within foster care and child welfare services so long as children receive benefits and services required by federal and state law.

## Title IV-E Waiver

Pre-Waiver: County could only spend Title IV-E funds on youth in out-of-home care who met IV-E criteria.

**Now**: County can allocate federal funds across foster care, child welfare services, adoption and prevention programs. County can use funds for youth that don't meet IV-E criteria.

# **What fiscal incentives do realignment + waiver create for LA County?**

- Lower the number of children entering the foster care system
- Reduce the length of time children have contact with the foster care system.
- Reduce placement costs per child.
- Improve coordination and cost-effectiveness across among child-serving systems

# Possible Unintended Outcomes

- ? Cut funding for non-mandatory programs (like THP+)
- ? Divert relative caregivers to probate court guardianship, and create unfunded/under-funded relative placements
- ? Reunify families too soon, and/or finalize adoptions too quickly, without needed safeguards and supports.
- ? Cut specialized care rates, or decrease use of these rates, for children with special needs

# Recommendation #1 – Ensure that flexibility is used to benefits children and families

**BOS, DCFS and key stakeholders should convene high-level, short-term workgroups (modeled on the AB 12 Steering Committee) to develop and implement creative uses of fiscal and program flexibility provided by waiver + realignment**

# Examples of how LA County could use flexibility ...

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- Fund all relative placements equally regardless of child's Title IV-E eligibility.
- Promote housing stability for youth 18-21 through up-front funding for SILP move-in costs.
- Recruit and support more specialized therapeutic foster homes and homes for parenting teens.
- Improve access to child care for reunifying birth families, foster families, and teen parents in foster care.

# Recommendation #1a: Budget Transparency

**BOS, CEO and DCFS should work together to create a DCFS budget 'transparency portal' to give stakeholders clear and meaningful information about DCFS's fiscal decision-making**

# Prior DCFS budget format had more transparency

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- . 2002-2007 – “Children and Families Budget” process gave policymakers and stakeholders detailed information on DCFS spending by program & line item, in lay-person friendly language.
- . 2007 - Children’s Budget process discontinued.
- . 2007-2013 - Waiver + Realignment gave DCFS more discretion to shift funding.

**Currently there is no publicly accessible information breaking down DCFS budget by line item or program.**



# Recommendation #1b:

## Decision-making transparency

**BOS should provide specific, advance notice to child welfare system stakeholders and hold special hearing if cuts are proposed to discretionary child welfare programs**

# Realignment puts discretionary programs at risk

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- **THP-Plus** - county option – no earmarked state fund
- **Specialized Care Rates** - county option, counties can change eligibility rules
- **Kinship support services**
- **Clothing allowance**

## Recommendation #3 – Consider Reserve Account

**BOS should explore pros/cons of exercising the county option created by the realignment statute to create a reserve account of up to 5% of County's protective services subaccount allocation.**

# Realignment + waiver exposes LA County to fiscal risk

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- Child welfare and sales tax revenues are counter-cyclical: Realignment funding depends on sales tax and VLF revenue.
- **Realignment statute allows counties to create a reserve account.**

# Recommendation #4

## Track outcomes

**BOS should request that DCFS develop and implement methods of using C-CFSR and other available outcome data to monitor impact of realignment + waiver on key child safety and permanency indicators**

# How will we know if realignment + waiver is benefiting or harming children and families?

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- LA County must still report child safety and permanency outcomes using C-CFSR (California Child and Family Services Review) system and participate in peer reviews and System Improvement Plans (SIPs)
  - realignment statute extended SIP time period from 3 to 5 years.
- **How can C-CFSR data (and other data currently collected by DCFS) be used to guide DCFS's practice, and monitor impact of realignment + waiver?**

